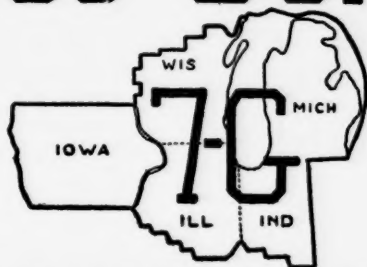


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 10, No. 12

MONTHLY REVIEW PUBLISHED BY THE
FEDERAL RESERVE BANK OF CHICAGO

December 1, 1927

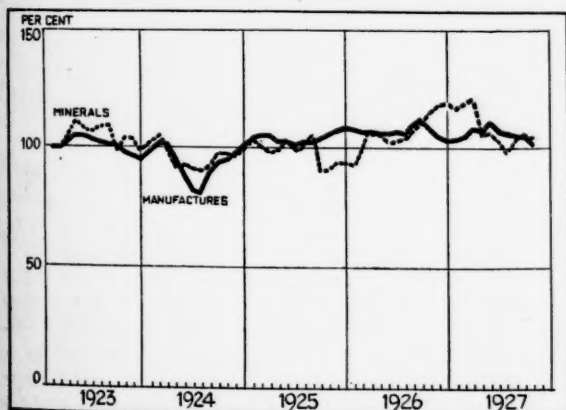
NATIONAL SUMMARY OF BUSINESS CONDITIONS

INDUSTRY and trade were less active in October than in the preceding month and were in smaller volume than a year ago. The general level of wholesale commodity prices showed a further slight advance.

PRODUCTION—Production of manufactures declined in October, contrary to the usual seasonal tendency, while the output of minerals remained in practically the same volume as in September. In October and November, activity of iron and steel mills and of automobile plants was smaller than at any previous period of the year. There were also decreases during October in cotton consumption and in the production of building materials, crude petroleum, and boots and shoes. The output of bituminous coal and the number of hogs and cattle slaughtered increased by less than the usual seasonal amount. Production of flour, copper, and anthracite coal showed increases in October. Building contracts awarded increased considerably, owing to unusually large awards in New York and Chicago in the last week of the month. The increases were largest in contracts for residential and commercial buildings.

Unusually favorable weather during October in agricultural states resulted in increased yield for late fall crops. The indicated production of corn, according to the November crop report of the Department of Agriculture, was

PRODUCTION OF MANUFACTURES AND MINERALS



Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-1925 average=100). Latest figures, October, 1927: Manufactures, 102; Minerals, 105.

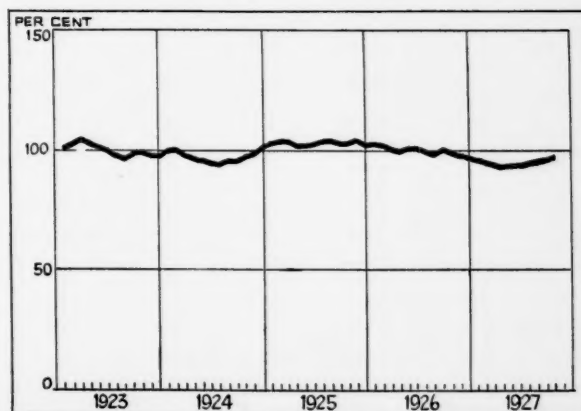
placed at 2,753,000,000 bushels, an increase of 150,000,000 bushels over the estimate of the previous month and 106,000,000 bushels over the yield a year ago. Larger yields, as compared with the previous month's estimates, were also indicated for cotton, tobacco, and potatoes.

TRADE—Trade at wholesale and retail showed less than the usual seasonal increase in October. Compared with October a year ago, wholesale trade in all leading lines, except meats and drugs, was smaller. Department store sales were approximately 3 per cent smaller than in October, 1926, while those of mail order houses and chain stores were somewhat larger. Inventories of merchandise carried by wholesale firms were smaller in all reporting lines at the end of the month than in September. Compared with a year ago, stocks were smaller in all lines except drugs. Stocks of department stores increased in October in anticipation of the growth in sales that usually occurs in November and December, but at the end of the month they were no larger than a year ago.

Freight carloadings declined in October and the first part of November, and were smaller than in the corresponding period of last year for all classes of freight except grain and grain products.

PRICES—Wholesale commodity prices increased slightly in October, continuing the advance which began early in the summer, and the Bureau of Labor Statistics index

WHOLESALE PRICES



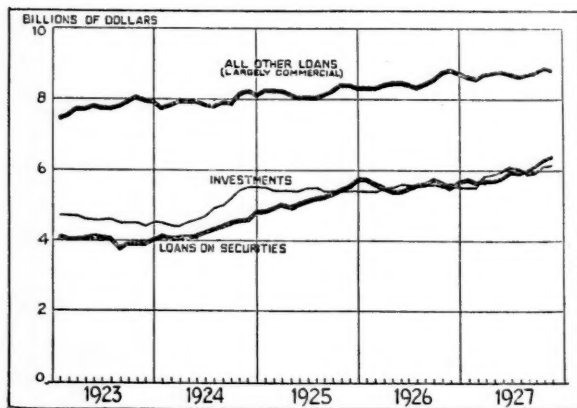
Index of U. S. Bureau of Labor Statistics (1926=100, base adopted by Bureau). Latest figure, October, 1927: 97.0.

Compiled November 26, 1927

for October was higher than for any previous month of this year. The advance in the average for all commodities from September to October reflected increases in the prices of live stock, meats, and dairy products. Prices of corn, cotton, coal, metals, paint materials, and automobile tires, on the other hand, declined. During the first three weeks in November there were increases in the prices of grains, cattle, copper, hides, and rubber, and decreases in hogs, cotton, silk, coal, petroleum, and iron and steel.

BANK CREDIT—Total loans and investments of member banks in leading cities increased by nearly \$300,000,000 during the latter part of October and the first half of November, and on November 16 were the highest ever reported. Investments increased by more than \$200,000,000,

MEMBER BANK CREDIT



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures, averages for first three weekly report dates in November, 1927: Loans on Securities, 6,282 million; All Other Loans, 8,799 million; Investments, 6,149 million.

BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

Indian summer prevailed well into November and continued a determining influence on conditions in the Middle West. On agriculture its effects were beneficial in improving and maturing the corn and other crops, in permitting harvesting and winter seeding, and in facilitating fall work in general on farms. The mild weather was likewise favorable to building programs, as reflected in the October increase over September in the volume of contracts awarded and permits issued.

Retail trade, on the other hand, was noticeably retarded by the late autumn, October department store sales in this district dropping below a year ago, and failing to show as large an advance over September as usual; wholesale trade was less than in October, 1926, and, with the exception of hardware, under the preceding month. In the coal industry, also, demand was adversely affected by the unseasonable temperatures.

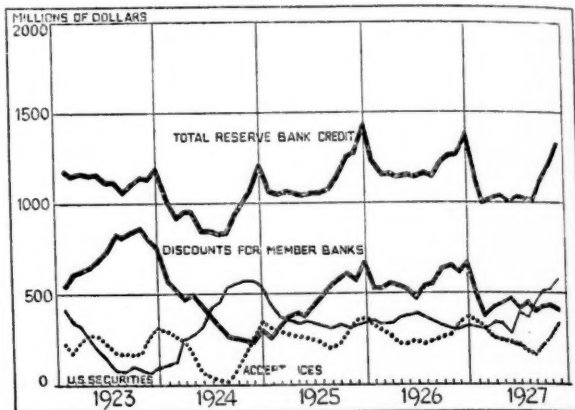
Other phases of the situation during October were the gain in agricultural machinery output, the continued decline in automobile production and distribution, and the lack of a marked increase in steel mill operations. Factory payrolls in the aggregate advanced for the district, although the total number of employees was reduced. Production and sales of leather and shoes fell below both September and a year ago; cement and brick operations were curtailed, and lumber sales were less than in October, 1926. Output and shipments of dairy products declined in the monthly comparison, but averaged above last year; there was a gain in the movement of live stock, and a seasonal expan-

reflecting in large part purchases of Treasury certificates issued on November 15, and loans on securities increased by about \$125,000,000. Loans chiefly for commercial and agricultural purposes declined during the period from the seasonal peak reached early in October.

There was continued increase in the demand for reserve bank credit between October 19 and November 23, arising chiefly out of further exports of gold. Discounts for member banks declined somewhat, while acceptances and holdings of United States government securities increased.

Conditions in the money market remained moderately easy in November. Call loan rates remained at the level reached in the latter part of October, and rates on prime commercial paper and bankers' acceptances were unchanged.

RESERVE BANK CREDIT



Monthly averages of daily figures for twelve Federal Reserve banks. Latest figures, averages of first twenty-three days in November, 1927: Total Reserve Bank Credit, 1,319 million; Discounts for Member Banks, 401 million; Acceptances, 335 million; U. S. Securities, 582 million.

sion in production at slaughtering establishments; the wool market was more quiet than in September, but remained exceedingly firm.

Financial statistics indicate continued ease in the money market, little change in rates, a decrease in member bank loans and discounts, comparatively heavy transactions in bankers' acceptances, a fair to good demand for commercial paper, an increase in the volume of check payments and in savings deposits, and a firm bond market with large offerings of new issues.

CREDIT CONDITIONS AND MONEY RATES

Demand for credit has diminished slightly during the past thirty days in a number of important centers of the Seventh district, accompanied, however, by no downward movement in rates. The Chicago money market continues to manifest easy conditions. The volume of loans for commercial purposes approximates that of a month ago, while collateral loans have moved downward during the last three weeks. Little change in credit requirements is reported from Detroit. Throughout the district the effect of protracted mild temperatures has been felt in slower retail trade, which in turn has tended to retard manufacturing activities. Present rates in Chicago are: Commercial paper $3\frac{3}{4}$ to 4 per cent, commercial loans $4\frac{3}{4}$ to 5, and collateral loans $4\frac{1}{2}$ to $4\frac{3}{4}$ per cent. The average rate earned by ten large banks in Chicago during the calendar month of October was 4.82 per cent, as against 4.85 in September and 5.01 in October, 1926. In Detroit, the corresponding figure for six banks in October was 5.26 per

cent, in September 5.27 per cent, and 5.36 per cent in October of last year. The prevailing rate in the latter city during the week ending November 15 on commercial loans was $4\frac{1}{2}$ -6 per cent.

The amount of reserve bank credit in use in the Seventh district has been higher during the past month than at any time since mid-year. On November 16, the \$185,440,000 shown for total bills and securities was the largest aggregate since January 5 when \$215,001,000 was reported. Heavier holdings of government securities and bills bought in the open market account for increases as compared with mid-year and early in the year. Loans to member banks on November 16 stood at \$38,185,000 compared with \$51,129,000 October 19, \$75,656,000 July 6, and \$90,169,000 January 19. Federal Reserve notes in circulation November 16 amounted to \$232,434,000 compared with \$239,276,000 October 19.

Loans and discounts of reporting member banks have been in decreasing volume since October 19, on November 16 aggregating \$2,238,098,000 as against \$2,262,642,000 the first named date. The decrease is in large part the result of a lower volume of loans on stocks and bonds in Chicago and in other selected cities. Investment holdings of \$824,918,000 on November 16 represented a gain of about 30 million over the aggregate shown November 9, and showed approximately the same increase over October 19, the corresponding reporting date in that month, for which heavier holdings of government securities are accountable. Net demand deposits have moved downward since October 11 (\$1,875,754,000); the item aggregated \$1,838,418,000 November 9, but on November 16 reacted to \$1,849,956,000. Time deposits have shown no particular trend, and amounted to \$1,135,822,000 November 16, compared with \$1,134,754,000 October 19.

Reporting commercial paper houses for the most part indicated the October supply as small or fair, and demand as fair or good. Total sales for the group of eleven firms declined 12.4 per cent from September, and averaged 3.5 per cent over October, 1926; individually, seven dealers registered decreases in the monthly comparison, and four in the yearly. Sales during the first two weeks of November by three local houses were heavier than during the corresponding period in October. September rates were maintained during October, customary ruling at 4 and low at $3\frac{3}{4}$; high ranged from $4\frac{1}{4}$ to $4\frac{1}{2}$, with the majority of firms quoting the lower rate; after November 1, prime names continued to move at $3\frac{3}{4}$, and the bulk of paper at 4. Five dealers reported for October 31 a total volume of bills outstanding 0.4 per cent above the September 30 figure, and 12.3 per cent in excess of last year; for twenty-six dealers located throughout the country, outstandings amounted to \$615,000,000.

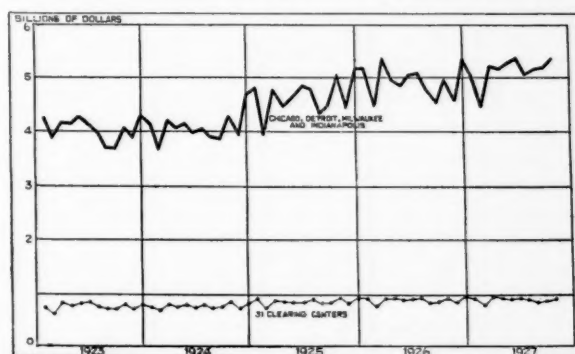
The volume of bills bought in the Chicago open bill market from October 13 to November 16, 1927, by five reporting dealers (a sixth had no transactions during the period) averaged on a weekly basis 35.9 per cent larger than purchases during the preceding four weeks. Sales gained 51.3 per cent in the same comparison, and inter-office operations likewise were heavier. Commodities chiefly involved were cotton, grain, provisions, canned goods, sugar, textiles, wool, electric machines, automobiles, lumber, and benzol. Both demand for paper and the supply available were in general reported as fair during the period. Aside from some strengthening in five- and six-month paper, rates on November 16 were the same as at the middle of October, sixty-day selling at $3\frac{3}{4}$ and ninety-day

at $3\frac{3}{4}$. Holdings at the close of the period were 32.6 per cent less than the volume held on October 11.

Transactions in bankers' acceptances by sixteen reporting institutions were relatively heavy during October: the volume of bills accepted was 14.1 per cent larger than a year ago, 39.5 per cent above September, 1927, and was exceeded this year only by the August peak; purchases and sales both reached record totals, 79.7 and 38.7 per cent, respectively, above the preceding month. Bills accepted during the first two weeks of November were drawn principally against dairy products, provisions, coffee, tea, rubber, cotton, raisins, pig iron, and machinery. Of thirteen banks stating their liability for acceptances outstanding on October 31, nine registered advances over September 30, and eight over last year; the group declined 3.6 per cent in the monthly comparison, and gained 25.3 per cent in the yearly. Total bills held at the end of the month were next to the year's high, but holdings of paper originating with the banks were the smallest since June. The Federal Reserve Bank of Chicago bought \$40,605,593 in bills during the month, and had \$38,054,193 on hand October 31.

Volume of Payment by Check—The volume of payment by check reported by thirty-seven clearing house centers in the Seventh district totaled \$6,323,573,000 during October, a rise of 3.3 per cent over September and of 6.3 per cent over October, 1926. The total for the four larger cities, Chicago, Detroit, Milwaukee, and Indianapolis, registered an increase of 3.2 per cent over September and of 7.9 per cent over the corresponding month a year ago. In thirty-three smaller centers, the October aggregate exceeded September's by 3.6 per cent, but fell below October, 1926, by 1.9 per cent. In the city of Chicago, October volume of payment by check amounted to \$3,988,677,000, a gain of 3.8 per cent over the preceding month, and of 12.3 per cent over October, 1926.

VOLUME OF PAYMENT BY CHECK
Checks Drawn on Clearing House Banks—7th District



Figures used are estimates for calendar months, based on weekly reports to this bank. Latest figures, October, 1927, in thousands of dollars: Chicago, Detroit, Milwaukee, and Indianapolis, 5,350,953; Other Clearing House Centers, 937,409.

Savings—Two-thirds of the banks reporting savings figures as of November 1, 1927, registered gains over a year ago both in number of accounts and in amount of deposits; for the group of 210 banks, the increases averaged 1.8 and 2.1 per cent, respectively, with all states indicating a larger number of accounts and all except Iowa heavier deposits. As compared with October 1, 1927, total deposits advanced 0.7 per cent, reflecting gains in each state and at 146 banks; the number of accounts declined 0.3 per cent, a reduction in the Michigan group offsetting increases in the four other states.

Bonds—October witnessed unusually heavy offerings of new bonds, which on the whole were well received. Public utilities were especially popular; industrials moved readily; the supply of municipals steadily declined; and real estate financing was maintained in large volume, buyers insisting,

however, on sufficient equity and not lower than 6 per cent yields. High grade securities of all kinds were in excellent demand, with the medium grade selling less rapidly. The market was firm with several advances; foreign obligations, however, showed weakness.

AGRICULTURAL PRODUCTION AND FOODSTUFFS

Official estimates of the Seventh district corn crop were increased 59,554,000 bushels on November 1 over the beginning of October. Present conditions point to a slightly higher percentage of the crop in Iowa, Wisconsin, and Michigan being of merchantable quality this year than in 1926, but to a considerable reduction in this ratio for Indiana and Illinois. Weather since the general freeze has been fairly favorable for drying out the corn cobs and hardening the kernels; some husking was under way by early November, but little cribbing had been done. Gathering of autumn crops and farm work generally made good progress during the last half of October and the first week in November. Winter seeding neared completion by November 15; the portion of the crop already above ground showed good stands and color as a rule. Carry-over of old corn was smaller this year than in 1926. Cattle holdings in the five states including the Seventh district have declined, but there has been some increase in the number of hogs on farms in this section as compared with a year ago.

CROP PRODUCTION

Estimated by the Bureau of Agricultural Economics as of November 1 (In thousands of bushels unless otherwise specified)

	SEVENTH DISTRICT		UNITED STATES		5-Yr. Av.
	PRE-LIMINARY 1927	FINAL 1926	PRE-LIMINARY 1927	FINAL 1926	
Corn	791,346	910,389	2,753,249	2,646,853	2,766,561
Oats	455,185	490,757	1,205,639	1,250,019	1,352,357
All Wheat	66,600	69,715	866,538	832,809	807,732
Barley	53,495†	39,813†	264,703	188,340	192,707
Buckwheat	1,970†	1,585†	16,556	12,922	13,760
Potatoes (white)	52,590	59,417	400,305	356,123	394,135
Potatoes (sweet)	1,624*	2,069*	93,610	83,658	81,292
Sugar beets**	852††	951††	7,887	7,223	6,853
Apples (total crop)	13,002†	27,830†	119,333	246,460	199,224
Peaches	2,062†	5,221†	45,963	69,715	54,272
Pears	1,288†	2,120†	17,943	25,644	20,756
Grapes***	63†	78†	2,577	2,349	2,099
Tobacco***	32,889	34,715	1,190,357	1,301,211	1,338,226
Tame hay**	24,687†	19,661†	103,773	86,184	90,904

†Five states including Seventh district.

††Michigan and Wisconsin.

*Illinois, Indiana, and Iowa.

**In thousands of tons.

***In thousands of pounds.

Grain Marketing—The wheat movement at interior primary markets in the United States was reduced slightly in October from the prevailing high level of the two preceding months, but continued considerably in excess of the 1922-26 average for the period and was about double that of last year. Oat receipts showed some recession in volume from September and a year ago, while reshipments of the grain increased; both items fell below the 1922-26 October average; corn arrivals and reforwardings declined in all three comparisons. November 12 visible holdings of wheat, corn, and barley in the United States were greater and supplies of oats and rye were smaller than for the corresponding Saturday of October. The stock of wheat exceeded a year ago, but inventories of other grain were reduced.

October trading in wheat futures showed a slight expansion over the preceding month and a recession from last year; commitments for the other grains followed an opposite trend, thereby accounting for the decrease of 15.6 per cent in the Chicago total from September and the increase of 6.0 per cent over the corresponding figures for 1926.

Wheat and corn prices eased and quotations for rye and cash oats firmed at Chicago during October as compared

with the preceding month; oats for future deliveries were quoted at somewhat lower levels than in September. Prices during the early part of November showed a firmer tendency than during the last half of October.

FLOUR PRODUCTION IN THE SEVENTH DISTRICT

Changes in October, 1927, from previous months

	PER CENT CHANGE FROM SEPT. 1927	PER CENT CHANGE FROM OCT. 1926	COMPANIES INCLUDED
Production (bbls)	+ 1.1	+ 4.3	33
Stocks of flour at end of month (bbls)	+ 4.2	+ 21.0	28
Stocks of wheat at end of month (bu.)	+ 1.1	+ 5.1	28
Sales (volume)	+ 14.7	+ 30.6	14
Sales (value)	+ 10.4	+ 21.8	14

Production includes wheat and other flours. Balance of items refer to wheat flour only

Movement of Live Stock—October receipts of live stock at public stock yards in the United States gained in volume over September. Cattle, hog, and calf arrivals declined slightly from October, 1926, and the five-year average, while those of lambs and sheep increased. The grasser cattle movement showed a further expansion in October, and then trended downward toward the close of the month; receipts from ranges continued under a year ago. The marketing of short-fed cattle increased as autumn advanced. Liquidation of lambs from ranges and inter-mountain states reached a high level in October and was about completed by the first week in November. A fair number of lambs arrived at slaughtering centers from the native territory; animals that had been shipped to corn belt feed lots earlier in the season started to move back to market during the month. Receipts of spring crop hogs increased seasonally over September, while arrivals contained decreasing numbers of hogs of longer maturity.

LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, October, 1927	270,572	612,560	362,944	105,398
Federally Inspected Slaughter U. S., October, 1927	895,269	2,968,683	1,193,671	413,100
September, 1927	827,725	2,533,819	1,185,169	357,008
October, 1926	995,566	2,976,271	1,167,451	446,358

Reshipments to feed lots were seasonally greater in October than in September, with the cattle volume slightly less than in 1926 and considerably below the 1922-26 October average, and with the number of lambs showing a decided gain over a year ago and a rather marked increase over the five-year average.

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED Nov. 12 1927	OCT. 1927	MONTHS OF SEPT. 1927	OCT. 1926
Native Beef Steers (average)	\$14.10	\$13.50	\$12.70	\$10.20
Fat Cows and Heifers	8.50	8.15	8.25	6.10
Hogs (bulk of sales)	9.15	10.50	10.50	12.65
Yearling Sheep	10.85	10.30	9.70	10.20
Lambs (average)	13.95	13.85	13.60	13.55

Meat Packing—Production at slaughtering establishments in the United States showed a seasonal expansion in October over the preceding month, but totaled less than a year ago. Employment for the last payroll of the period gained 0.3 per cent in number, 2.6 per cent in hours worked, and 1.7 per cent in total value over corresponding figures for September. Domestic demand was active for smoked meat, fair for lard, slightly improved for lamb, and a trifle draggy at times for pork and beef. October sales billed to domestic and foreign customers by sixty-two meat packing companies

in the United States totaled 4.3 per cent greater than in September and 0.7 per cent below last year. Trade in domestic markets averaged fair at the beginning of November. Chicago quotations for most pork products were lower in October than in the preceding month; those for beef, picnics, and smoked meat averaged higher. Lamb and mutton prices fluctuated somewhat, but remained practically on a par with September. Veal quotations continued at strong levels until mid-October, and then declined. Inventories at packing plants and cold-storage warehouses in the United States aggregated less on November 1 than for the preceding month and were somewhat in excess of last year and the 1922-26 November 1 average.

October shipments of packing-house products for export decreased in volume from September. A majority of packers experienced an improvement in foreign demand for lard and a little better inquiry from the Continent for dry salt fat backs; export trade in most other items showed little change from the preceding month. November 1 consignment stocks already abroad and in transit to Europe were reported smaller than at the beginning of October. Prices moved nearer to Chicago parity than a month ago.

Dairy Products—Butter production in the Seventh district decreased 6.5 per cent in October from the preceding month

INDUSTRIAL EMPLOYMENT CONDITIONS

Reports from manufacturing plants of the district for October indicate some improvement in the industrial situation, as a large number of concerns are again working on normal time-schedules after the curtailments made during the preceding month. The change is reflected in an increase of 2 per cent in aggregate payrolls, all of the reporting industrial groups with the exception of vehicles and food products contributing to the gain. In volume of employment, however, though numerous additions were made, they were less marked than the corresponding gains in payrolls and were offset by declines, so that the aggregate showed a reduction of 0.6 per cent. The industries showing the heaviest reductions in the number of workers, as well as in the amount of payrolls, were the manufacture of vehicles and of food products, the former on account of a slowing-up in the production of cars and locomotives, and of automobiles, and the latter greatly affected by the seasonal let-up in canning, dairy products, and the manufacture of ice, ice-cream, and beverages. Bakery goods, flour mills, and tobacco manufacturing added workers. Industries reducing employment were brick and cement plants, stone

and increased 4.0 per cent over a year ago, according to a compilation of the reports from sixty-six creameries. Declines in both instances were indicated for the United States by statistics of the American Association of Creamery Butter Manufacturers. Sales of creamery butter billed to customers by sixty-eight companies in the Seventh district showed a recession of 4.2 per cent in quantity from September and a gain of 3.4 per cent over last October. Wisconsin factories supplied the primary markets of that state with a 7.1 per cent smaller tonnage of American cheese during the four weeks ended October 29 than in the preceding period, but the volume was 3.3 per cent in excess of a year ago; redistribution from these centers declined 7.5 per cent and increased 16.3 per cent, respectively, in the comparisons. Cold-storage warehouses and packing plants in the United States reported November 1 inventories of dairy products as seasonally smaller than those at the beginning of October. Butter holdings exceeded a year ago and the 1922-26 November 1 average; cheese and egg stocks decreased in both comparisons. The month's receipts of dairy products at Chicago totaled less than in September and were a little below October, 1926. Chicago quotations for butter, eggs, and cheese averaged higher in October than in the preceding month.

quarries, lumber mills, and the manufacture of boots and shoes.

Gains in the metals group, 1 per cent in men and 5 per cent in payrolls, were largely due to the increased activity in the manufacture of agricultural implements, electrical apparatus, and of aluminum and enamel ware. In iron and rolling mills, foundries, and machine shops, there was little change in activity from the preceding month. Employment continued to expand in the manufacture of rubber products, of furniture, and in most of the wood products. Hosiery and knit goods, and boxes, bags, and miscellaneous paper goods have added to their forces.

Employment records for industries not classified as manufacturing were somewhat higher in October than in September, mostly on account of the return of a large number of the coal miners to work. Sales forces, especially at retail, show an expansion in anticipation of the holiday trade. Building, on the other hand, both general and road construction, shows a substantial decline, and the records at employment offices indicate a surplus of labor.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUPS	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
	OCTOBER 15 1927	WEEK ENDED SEPTEMBER 15 1927	PER CENT CHANGE	OCTOBER 15 1927	WEEK ENDED SEPTEMBER 15 1927	PER CENT CHANGE
All groups (10)	342,467	344,394	-0.6	\$9,257,237	\$9,075,208	+2.0
Metals and metal products (other than vehicles)	133,471	132,058	+1.1	3,554,540	3,387,303	+4.9
Vehicles	31,974	33,123	-3.5	927,793	975,531	-4.9
Textiles and textile products	27,055	26,964	+0.3	652,226	639,119	+2.1
Food and related products	49,061	51,592	-4.9	1,332,191	1,375,405	-3.1
Stone, clay, and glass products	12,639	13,008	-2.8	373,378	368,017	+1.5
Lumber and its products	31,435	31,115	+1.0	807,978	779,110	+3.7
Chemical products	8,749	8,694	+0.6	236,989	225,200	+5.2
Leather products	15,500	15,578	-0.5	341,208	334,403	+2.0
Rubber products	4,081	3,863	+5.6	103,785	95,628	+8.5
Paper and printing	28,502	28,399	+0.4	927,149	895,492	+3.5

MANUFACTURING ACTIVITIES AND OUTPUT

Automobile Production and Distribution—Output of passenger automobiles in the United States by members of the National Automobile Chamber of Commerce aggregated 185,706 for October, or 17.4 per cent below September and 5.1 per cent under a year ago. Truck production totaled 35,586, an increase of 9.1 per cent over the preceding month and of 35.0 per cent over October, 1926.

Wholesale and retail distribution of automobiles in the Middle West declined in October from the preceding month and was also less than in October last year. The number of new cars on hand October 31 was smaller than a month previous or a year ago, while the value declined from September but gained slightly over October 31 last year. Used car sales exceeded those in September and also totaled

larger than in October, 1926; stocks increased in the monthly comparison and, as has been the case in recent months, were smaller in number than a year ago but greater in value. The ratio of deferred payment sales to total retail sales of thirty-two dealers reporting the item was 41.7 for October, as compared with 42.8 in the preceding month and 44.8 for October last year.

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in October, 1927, from previous months			
	PER CENT CHANGE FROM SEPT. 1927	PER CENT CHANGE FROM OCT. 1926	COMPANIES INCLUDED
New cars			
Wholesale—			
Number sold	-24.8	-7.1	31
Value	-23.2	-7.2	31
Retail—			
Number sold	-4.9	-30.4	83
Value	-3.4	-6.6	83
On hand October 31—			
Number	-10.3	-3.3	54
Value	-2.1	+0.3	54
Used cars			
Number sold	+8.2	+3.4	83
Salable on hand—			
Number	+5.3	-7.3	52
Value	+2.8	+17.4	52

Agricultural Machinery and Equipment—Sales of agricultural machinery and equipment billed to domestic and foreign customers by eighty-one manufacturers in the United States showed a seasonal recession in October of 32.5 per cent in the heavy group; of 14.9 per cent for "all other" (exclusive of barn supplies); and an increase of 28.9 per cent in barn equipment. Large but somewhat irregular gains in the tractor, threshing, combination harvester-thresher group, and increases of 11.0 per cent in barn equipment, and of 14.8 per cent in the light group were recorded in the comparison with a year ago.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

Changes in October, 1927, from previous months			
	PER CENT CHANGE FROM SEPTEMBER 1927	PER CENT CHANGE FROM OCTOBER 1926	COMPANIES INCLUDED
Domestic sales billed.....	-10.0	+42.7	81
Sales billed for export.....	-35.6	+83.6	42
Total sales billed.....	-23.9	+51.2	81
Production	+7.7	-7.1	80

Production computed from average employment during the month. Sales based on value.

Iron and Steel Products—Buying of steel from mills in the Chicago district continued conservative through October. Specifications on rails brought ingot operations up to about 65 per cent of capacity from 60 per cent in September. Unfilled orders of the United States Steel Corporation totaled 3,341,040 tons on October 31, an increase of 192,927 tons over September 30 and the largest amount since the 3,456,132 tons reported April 30. Steel ingot output for the United States gained 1.8 per cent in the daily average for October over the preceding month, but remained considerably below a year ago. Pig iron production for both the Illinois and Indiana district and for the country as a whole continued to decline in October.

Prices trend still lower in certain items. On November 16, the composite price of fourteen iron and steel products (*Iron Trade Review*) averaged \$35.36, which compares with \$38.47 on November 17, 1926. Pig iron, and scrap iron and steel prices at Chicago have been weak.

The dollar value of steel castings booked during October by foundries in the Seventh district exceeded that of the preceding month, but the tonnage declined. Shipments were less in tons and in value, and production was lower. All items declined in the comparison with October, 1926. Malleable foundries reported a recession in shipments for

October in both the monthly and year-to-year comparisons; orders booked and production gained over September, but were considerably below a year ago. Stove and furnace manufacturers had larger shipments and new orders in October than in the preceding month, while shipments averaged under October, 1926, and orders booked were heavier.

Shoe Manufacturing, Tanning, and Hides—Production and shipments of shoes at factories located in the Seventh Federal Reserve district showed a recession in October from September, in contrast to the usual trend for the period, and for the first time since May, 1926, both items fell below corresponding figures of the preceding year. Distribution exceeded current production by 1.2 per cent. Stock shoes reported on hand at the beginning of November by twenty-five companies were equivalent to 59.9 per cent of the October shipment volume of these concerns. Unfilled orders on the books of twenty-two firms gave assurance of nearly five and one-half weeks' future operations at the present rate of distribution.

CHANGES IN THE SHOE MANUFACTURING INDUSTRY IN OCTOBER, 1927, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM SEPT. 1927	PER CENT CHANGE FROM OCT. 1926	COMPANIES INCLUDED
Production	-2.5	-5.9	30
Shipments	-13.2	-9.5	30
Stock shoes on hand.....	-3.0	+26.1	26
Unfilled orders	-5.1	-1.1	23

Leather production in the district for October was a little above September but under a year ago; sales billed to customers declined in both comparisons, according to reports from representative tanneries. Demand for harness improved. Prices ranged between steady and slightly firmer.

Larger quantities of packer green hides were sold at Chicago during October than in the preceding month; trading in calf and kip skins remained about the same in volume as in September. October prices averaged higher than those of the preceding month.

Furniture—Twenty-eight furniture manufacturers of the Seventh district reported orders booked during October less in the aggregate by 12.4 per cent than in the preceding month and 11.2 per cent below the volume of October last year; at no time this year so far has the total of new orders exceeded that for the corresponding period of 1926. An increase of 1.0 per cent over September was shown in October shipments by these firms and a decline of 8.9 per cent from a year ago. Shipments were heavier than orders booked, so that unfilled orders declined 21.8 per cent on October 31 from a month previous. The amount of orders on hand was 16.9 per cent below the corresponding date of 1926. Little change was reported in the October rate of operations, and the average was below October last year.

Raw Wool and Finished Woolens—Trading in raw wool was somewhat more quiet in October than in September, although the majority of reporting firms considered sales as good and comparing favorably with last year. Prices remain very firm with a slight upward tendency. Stocks in the hands of Western dealers are much lower than usual at this season. The foreign markets continue strong and active, and are above the parity of domestic wool markets. Manufacturers are buying on a strictly hand-to-mouth basis at the present time. Production schedules have been increased at some mills, while at others business has been unsatisfactory.

COAL

The outstanding feature of the coal industry in October was the settlement of the strike of bituminous miners in

Illinois and Indiana. Following the re-opening of the mines in these states the early part of the month, demand fell

off and prices weakened considerably. The situation in steam coals has been especially unsatisfactory; industrial buyers appear to have a large amount of coal in storage piles and are unwilling to take coal even at the low prices prevailing. For the first time in many years, screenings have been sold at prices less than \$1.00 per ton. Domestic demand in October was affected by warm weather and bad roads. The result is that those mines which have re-opened

in Illinois and Indiana have had difficulty in disposing of their output. There were 178 mines in operation in Illinois during October, for an average of 16.6 days, and employing 56,772 men; output for the month totaled 4,586,291 tons which compares with 6,456,240 tons last October. During the period of the suspension (April through September) 2,627,620 tons were mined in Illinois.

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

October lumber sales, according to reports of twenty-two wholesale dealers of the Seventh district, were 1.6 per cent less than for September and 19.8 per cent under the total for October, 1926. In terms of board feet, these sales were 5.1 and 22.1 per cent smaller in the two comparisons. The ratio of accounts outstanding to dollar sales on October 31 was 133.2 per cent, as compared with 129.8 for September and 138.0 a year ago. Inventories showed little change from either the preceding month or October, 1926. Hardwoods were in demand from firms manufacturing flooring, furniture, automobiles, interior finish, phonographs, trunks, and heels.

Retail sales, as reported by 240 yards, totaled 5.6 per cent ahead of September and dropped 7.6 per cent behind October, 1926, with the ratio of accounts outstanding to sales amounting to 272.4 per cent against 277.5 for the preceding month and 272.5 at the end of October, 1926. Stocks were generally smaller in both the monthly and yearly comparisons, only a few individual yards showing increases.

Production and shipments of cement in this district were large in October and for the country were greater than in any preceding October, though indicating the usual seasonal decline, and despite the fact that the first two weeks of the month were too wet to favor the industry. Dealers report, however, that prices were not satisfactory. Stocks on hand at the end of the month were under

the total for October 31, 1926, and in some sections of the Seventh district were reported as the lowest of any October for the past seven or eight years.

The declining trend in brick production continued during October, although demand from the building trade was larger than in September. As compared with October, 1926, demand was better in some sections but fell off markedly in others.

Building Construction—Building contracts awarded in the Seventh Federal Reserve district during October exceeded the aggregates for September and a year ago by 33.3 and 27.3 per cent, respectively, and were 0.3 per cent above June—the previous high point for this year. Of a total of \$138,662,271 for building of all kinds, \$54,113,823 represented residential construction which advanced in the month-to-month and yearly comparisons by 10.8 and 19.0 per cent, and fell only 2.2 per cent short of the June record.

Permits issued by fifty leading cities in the district advanced 15.4 per cent in number over the preceding month, but declined 14.7 per cent from October of last year. In terms of estimated cost these permit totals decreased 8.4 and 36.0 per cent in the two comparisons. Thirty-nine cities reported residential permits as numbering 11.9 per cent more than in September, with a total increased estimated cost of 3.4 per cent, while thirty-three giving comparisons with a year ago showed declines of 12.2 and 24.1 per cent in number and cost, respectively.

MERCHANDISING CONDITIONS

Wholesale Trade—Of the five lines of wholesale trade reporting October sales to this bank, only hardware dealers indicated advances over the September totals, generally attributed to heavier sales in agricultural sections as a result of better crops than had been anticipated. October

collections were ahead of September in all lines, but consistently smaller than in October, 1926. Sales, also, were under those of a year ago, as indicated by the following table.

WHOLESALE TRADE DURING THE MONTH OF OCTOBER, 1927

	Net Sales During Month		Stocks at End of Month		Accounts Outstanding End of Month				Collections During Month	
	PER CENT	CHANGE FROM	PER CENT	CHANGE FROM	PER CENT	CHANGE FROM	RATIO TO	PER CENT	CHANGE FROM	
	PRECEDING	SAME MONTH	PRECEDING	SAME MONTH	PRECEDING	SAME MONTH	NET SALES	PRECEDING	SAME MONTH	
	MONTH	LAST YEAR	MONTH	LAST YEAR	MONTH	LAST YEAR	DURING MONTH	MONTH	LAST YEAR	
Groceries	(33)—4.1	(33)—5.7	(21)+5.8	(21)—16.2	(29)+1.1	(29)—3.5	(29) 112.7	(24)+1.1	(24)—1.8	
Hardware	(17)+4.5	(17)—7.7	(11)—2.3	(11)+0.9	(17)+0.5	(17)—4.1	(17) 185.5	(14)+11.5	(14)—4.4	
Dry Goods.....	(14)—3.9	(14)—11.0	(11)—6.6	(11)—10.5	(12)+2.3	(12)—7.9	(12) 297.0	(10)+16.6	(10)—11.5	
Drugs	(11)—4.5	(11)—3.1	(8)+0.2	(7)—1.9	(10)+2.3	(10)—7.5	(11) 139.8	(6)+0.1	(6)—4.8	
Shoes	(8)—13.1	(8)—13.9	(6)+6.6	(5)+17.6	(7)—2.2	(6)—1.4	(7) 280.2	(5)+21.3	(5)—6.9	

Figures in parentheses indicate number of firms included.

Department Store Trade—Weather conditions retarded department store sales in October, so that, according to reports received from eighty-three firms, an increase of only 4.0 per cent was recorded over September, which is small for this season of the year. As compared with October, 1926, there was a decline of 2.8 per cent, but the ten months' total indicated an advance of 1.5 per cent over the same period of 1926. Sales increases over September were large for Indianapolis, Milwaukee, and for the aggregate of smaller cities; Chicago and Detroit showed declines. As compared with October of last year, only Detroit and Indianapolis had larger sales. The total for

smaller cities indicated the ten months' sales for this year as less than for the same period of 1926, while Chicago, Detroit, Indianapolis, and Milwaukee recorded increases of 4.0, 5.0, 2.8, and 0.6 per cent, respectively. Inventory volume on October 31 for the district was 6.5 per cent larger than a month earlier and 1.5 per cent under the figure at the end of October last year. Stock turnover, as indicated by the ratio of total sales to average stocks, was 32.6 per cent in October as compared with 33.3 a year ago; for the ten months' period this ratio was 307.3 in 1927 and 298.2 in 1926. Accounts receivable at the end of the month showed increases of 5.9 and 3.4 per cent in

the respective monthly and yearly comparisons, while collections during October were 22.1 and 5.2 per cent larger, respectively.

Retail Shoe Trade—Sales of nineteen retail shoe dealers and the shoe sections of twenty department stores, owing to decreases by five of the latter, showed a total decline from September of 4.0 per cent; individually all dealers but one reported sales advances. The aggregate decreased 4.6 per cent from October, 1926, with only two dealers and seven department stores showing increases. Combined sales for the ten-month period of 1927 fell 4.1 per cent under the corresponding figure of 1926. Inventories on October 31 were 7.1 per cent larger than at the end of September and 1.8 per cent smaller than on October 31, 1926. Dealers' accounts receivable at the end of the month and collections throughout October increased by 10.0 and 19.9 per cent over September; as compared with October, 1926, these items declined 39.9 and 29.9 per cent. The ratio of outstanding accounts to sales for October was 57.3 per cent, compared with 61.0 in September and 82.0 for October of last year.

Retail Furniture Trade—Sales of twenty-six furniture dealers and the furniture sections of the same number of department stores declined 11.3 per cent from the September total and 5.9 per cent from the figure for October, 1926.

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve District unless otherwise noted.)

	No. of Firms	Oct. 1927	Sept. 1927	Oct. 1926	Sept. 1926
Meat Packing—(U. S.)—					
Sales (in dollars).....	62	120.7	115.3	121.4	123.5
Casting Foundries—					
Shipments (in dollars).....	27	63.9	67.9	77.4	80.2
Stoves and Furnaces—					
Shipments (in dollars).....	13	218.5	173.7	219.3	172.1
Agricultural Machinery & Equipment—(U. S.)—					
Domestic Sales (in dollars).....	90	114.3	134.4	81.8	112.4
Exports (in dollars).....	60	180.8	277.0	99.8	182.1
Total Sales (in dollars).....	90	123.8	157.2	84.7	123.5
Production	88	123.4	116.2	131.0	135.7
Furniture—					
Orders (in dollars).....	19	89.7	106.3	106.8	114.7
Shipments (in dollars).....	19	118.5	125.2	133.0	118.9
Shoes—¹					
Production (in pairs).....	34	116.0	122.9	122.2	119.2
Shipments (in pairs).....	34	118.9	136.6	131.9	132.1
Electric Energy—					
Output of Plants (KWH).....	8	141.3	132.4	133.6	127.3
Industrial Sales (KWH).....	8	161.1	156.5	144.4	149.2
Flour—					
Production (in bbls.).....	34	116.9	118.4	111.7	110.1
Output of Butter by Creameries—					
Production	76	92.0	97.1	89.6	101.8
Sales	76	92.5	95.9	90.0	97.9
Automobiles—					
Distribution in Middle West:					
New cars—Wholesale—Number sold..	28	79.8	108.4	84.2	109.3
Value	28	75.4	103.6	76.7	120.2
New cars—Retail —Number sold..	48	49.2	53.1	68.8	78.7
Value	48	70.9	75.2	74.2	86.6
New cars—On hand —Number.....	42	117.2	133.6	118.5	117.6
Value	42	113.9	116.0	114.0	100.3
Used cars —Number sold..	41	112.1	105.0	107.1	111.1
Used cars—On hand —Number.....	41	125.8	120.0	135.1	126.1
Value	41	129.6	126.9	109.7	98.6
Production (U. S.) ² Passenger cars...	64.1	77.6	99.9	121.1	
Trucks	110.7	101.4	123.1	132.0	
Freight Carloadings—(U. S.)—					
Grain and Grain Products.....	118.6	133.1	114.4	109.3	
Live Stock	118.7	100.1	121.6	118.1	
Coal	110.1	109.5	131.5	122.7	
Coke	78.9	84.9	110.2	106.6	
Forest Products	93.9	98.1	101.1	102.7	
Ore	122.5	148.0	170.9	200.3	
Merchandise and Miscellaneous.....	120.6	122.5	123.5	123.1	
Total	116.1	118.6	124.6	123.6	
Iron and Steel—					
Pig Iron Production: ³					
Illinois and Indiana.....	94.2	102.6	112.1	110.9	
United States	91.4	94.2	109.5	106.4	
Steel Ingot Production—(U. S.) ³	94.9	93.3	117.6	112.9	
Unfilled Orders U. S. Steel Corp.....	70.0	65.9	77.1	75.3	

Inventories on hand at the end of the month were 5.5 per cent larger than thirty days earlier, but 3.4 per cent less than a year ago. According to reports received from twenty of the furniture stores, installment sales declined 11.6 and 3.5 per cent in the respective comparisons, while collections on these sales increased 6.6 and 11.5 per cent. Total collections advanced 9.8 and 5.7 per cent. Accounts outstanding at furniture stores on October 31 were 1.7 per cent larger than on September 30 and 9.8 per cent ahead of October 31, 1926.

Chain Store Trade—Reports for October received from twenty-two individual chains comprising 2,057 stores and representing groceries, drugs, five-and-ten cent goods, cigars, musical instruments, shoes, furniture, and women's clothing, indicated in the aggregate fifty-two more stores in operation than during the preceding month and three hundred and eleven more than a year ago; total sales increased 15.5 and 8.7 per cent, respectively. Cigar, furniture, shoe, and women's clothing chains reported larger sales than in September, but showed declines from October, 1926, while musical instrument dealers indicated decreased volume in both comparisons. Grocery, drug, and five-and-ten-cent chains showed advances in number of stores in operation and in total sales volume over the preceding month and October of last year.

	No. of Firms	Oct. 1927	Sept. 1927	Oct. 1926	Sept. 1926
Wholesale Trade—					
Net Sales (in dollars):					
Groceries	37	103.4	104.8	108.9	114.0
Hardware	18	100.8	96.5	107.7	106.1
Dry Goods	13	99.3	102.6	111.1	123.4
Drugs	11	103.9	109.9	108.5	106.7
Shoes	9	87.2	100.4	107.0	116.0
Retail Trade (Dept. Stores)—					
Net Sales (in dollars):					
Chicago	7	92.1	94.9	107.2	101.6
Detroit	5	139.3	157.9	138.7	156.1
Indianapolis	5	123.3	90.0	121.7	94.4
Milwaukee	5	121.2	104.3	121.5	108.0
Outside	55	109.5	90.8	122.8	99.4
Seventh District	77	121.9	115.8	126.4	119.4
Retail Trade—(U. S.)—⁴					
Department Stores	359	151	130	158	131
Mail Order Houses.....	4	158	126	151	121
Chain Stores:					
Grocery	27	422	384	334	307
Drug	9	234	210	206	192
Shoe	6	157	140	158	142
Five and Ten Cent.....	5	278	232	257	211
Candy	5	233	223	227	218
Music	4	128	126	151	137
Cigar	3	154	146	162	153
Stamp Tax Collections—					
Sales or Transfers of Capital Stock.....	108.9	105.8	59.5	61.1	
Sales of Produce on Exchange—Futures	93.2	110.2	77.4	85.7	
U. S. Primary Markets—⁵					
Grain Receipts:					
Oats	68.4	77.6	69.6	76.1	
Corn	88.7	108.5	132.5	63.8	
Wheat	211.5	235.9	107.0	138.7	
Grain Shipments:					
Oats	52.8	45.2	45.8	39.4	
Corn	44.3	64.3	52.3	32.7	
Wheat	137.3	147.8	71.7	69.5	
Building Construction—					
Contracts awarded (in dollars):					
Residential	188.4	170.0	158.3	139.1	
Total	206.1	154.6	161.9	166.6	
Permits:					
Chicago	Number	66.7	57.8	96.1	79.1
Cost	Cost	91.4	99.7	180.3	94.6
Indianapolis	Number	89.6	79.0	119.6	119.0
Cost	Cost	70.6	65.5	103.9	81.3
Des Moines	Number	78.9	67.0	88.9	73.7
Cost	Cost	53.5	23.2	88.9	89.3
Detroit	Number	77.0	78.0	111.0	113.6
Cost	Cost	59.9	115.6	107.5	120.6
Milwaukee	Number	119.2	92.1	136.2	105.1
Cost	Cost	172.1	86.1	114.7	120.5
Others (45)	Number	120.5	103.7	123.5	120.5
Cost	Cost	107.6	99.7	121.6	131.9
Fifty Cities	Number	102.0	88.4	119.6	111.1
Cost	Cost	91.9	100.3	143.6	108.1

1. Monthly average of mean of production and shipments in 1923-24-25=100; 2. Production for October and September, 1927, includes figures for N. A. C. C. members only; that for 1926, total figures; 3. Average daily production; 4. Monthly average 1919=100; 5. First Illinois internal revenue district; 6. Monthly average receipts 1923-24-25=100.

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